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THE TOBACCO SITUATION

Spring Outlook Issue

Summary

The general outlook for all types of tobacco in 1938-39 is not as favorable as in 1937-38, says the Bureau of Agricultural Economics.

Prospective plantings of tobacco growers as of March 1 indicate an increase in total area planted to all types of 4.6 percent over the harvested area of 1,737,300 acres in 1937. Prospective plantings were reported after the passage of the Agricultural Adjustment Act of 1938, but before it was definitely known whether marketing quotas would be in effect for any of the various types. On March 12, growers approved marketing quotas for flue-cured and dark types of 705 million and 145 million pounds, respectively. It is probable that this will result in some downward revision in farmers' acreage plans. A quota of 350 million pounds has just been announced for Burley and will be voted on by growers on April 9. With 1932-36 average yields the acreage required to produce these quotas would be somewhat less than those indicated by prospective plantings, and with yields as high as in 1937 the flue-cured and Burley quotas could be produced on an area considerably smaller than that indicated as of March 1.

The approval of marketing quotas for flue-cured and dark types make it seem likely that total supplies of each of these classes will be slightly smaller in 1938-39 than in 1937-38. The larger estimated carry-over of Burley on October 1, 1938 than a year earlier, plus average yields on the prospective increased acreage as of March 1 would result in a slightly larger total supply. Stocks of Maryland are expected to be smaller at the beginning of next season,

but average yields on a 6 percent larger acreage would give an increase in production somewhat more than the decline in stocks. The prospective area for all cigar types is indicated as 6 percent above 1937. For filler and binder types, however, the indicated acreage with average yields per acre will not produce crops quite large enough to offset the anticipated reduction in stocks.

The current recession in general business activity with accompanying declines in tax paid withdrawals of cigars and cigarettes, suggests the likelihood of some decrease in the domestic consumption of these products during 1938 as compared with 1937. Consumption of tobacco in the form of snuff, chewing and smoking probably will show relatively little change. If reduced consumer incomes result in a significant shift from cigarettes and cigars toward cheaper forms of tobacco consumption, the utilization of light smoking tobacco made chiefly from flue-cured and Burley may be increased somewhat.

There is an increasing preference for cigarettes in foreign countries, but the demand for American flue-cured may be adversely affected by the return of stocks to a more normal level in the United Kingdom, an increased use of foreign grown flue-cured, and by decreased utilization of cigarettes in China. A high level of foreign production and extensive trade barriers are expected to continue to be depressing factors upon the market for American dark types in the importing countries of continental Europe in the next season.

PROVISIONS OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938 AFFECTING TOBACCO

The Agricultural Adjustment Act of 1938, enacted February 16, provides for the allotment of marketing quotas for the different kinds of tobacco and penalties for marketing more than the quota allotted to the individual farm. Provision is made for a national marketing quota whenever the total supply of tobacco at the beginning of a marketing year exceeds the reservy supply level. The reserve supply level is defined as the normal supply plus 5

percent thereof. Normal supply is equivalent to a normal year's domestic consumption and exports plus 175 percent of a normal year's consumption and 65 percent of a normal year's exports. Normal domestic consumption is the yearly average quantity of United States tobacco consumed in the United States during the 10 years immediately preceding, adjusted for current trends. Normal year's exports are the yearly average quantity of tobacco produced in the United States and exported from the United States during the 10 years immediately preceding, adjusted for current trends.

The national marketing quota is to be apportioned by the Secretary of Agriculture among the several States, on the basis of the production of each State during the 5 years immediately preceding, with such adjustments as are determined to be necessary to make correction for abnormal condition of production, for small farms, and for trends in production, etc. Marketing quotas for the individual farm are to be made by county or local committees and are to be based upon previous marketings of tobacco, with allowances for land, labor and equipment available, crop rotation practices and unfavorable weather or other abnormal conditions.

The penalty for marketing tobacco in excess of the marketing quota, except for nicotine or other byproduct uses, is 50 percent of the market price or 3 cents a pound on flue-cured, Maryland, and Burley and 2 cents on other types, whichever is the higher.

Supplies of flue-cured and dark types in the current season exceed the reserve supply level. In referenda held on March 12, growers approved marketing quotas of 705 million pounds for flue-cured tobacco and 145 million pounds for dark types. Dark types include fire-cured, Types 21-24 and dark air-cured, Types 35-37. A recent amendment to the Act provides for the establishment of a marketing quota for Burley tobacco in the 1938-39 season. Providing approval is voted by two-thirds or more of the growers, a quota of 350 million pounds will be in effect for the 1938-39 marketing year. With average yields the quotas could be produced on an area somewhat smaller than that indicated by prospective plantings. With yields as high as in 1937, the quotas, especially those for flue-cured and Burley, could be produced on a much smaller acreage than indicated as of March 1.

While preliminary 1938 acreage goals for tobacco were announced last October, under the provisions of the Soil Conservation and Domestic Allotment Act, the Agricultural Adjustment Act was not passed until the middle of February, and it was not definitely known by farmers on March 1 that marketing quotas were going to apply to any of the various kinds of tobacco. For these reasons, prospective plantings may be a somewhat less accurate indication of what plantings actually will be in 1938 than has been the case in previous seasons.

FLUE CURED, TYPES 11-14

Flue-cured tobacco acreage this year would amount to slightly more than 1 million acres, if growers should carry out March 1 prospective plantings. This would be an increase of approximately 5 percent over 1937. Assuming a yield equal to the average for the 5 years ended 1936 the total crop would

amount to 797 million pounds. As stated previously, however, the 1938 marketing quota has been set at 705 million pounds. This probably will result in some downward revision in growers' acreage plans. With 1932-36 average yields of 787 pounds, a quantity of tobacco equal to the quota allotted for market could be produced on about 896,000 acres. With the 1935 record high yield of 928 pounds only 760,000 acres would be required to produce the quota, but with yields as low as the 605 pounds in 1932, about 1,165,000 acres would be needed to produce the quota.

Due to the large 1937 crop which exceeded estimated disappearance by nearly 100 million pounds, stocks on July 1 are expected to amount to about 976 million pounds, or between 10 and 11 percent more than on the corresponding date a year earlier. These large stocks, with the marketing quota, would give a prospective supply of 1,681 million pounds, or 3 percent smaller than in 1937. With a 1938 crop of 797 million pounds, such as would result from March 1 prospective plantings and 5-year average yields, total supply would be 1,773 million pounds or slightly larger than in 1937.

On the basis of present conditions, it appears probable that demand for flue-cured tobacco produced in the United States will be less favorable in 1938-39 than in 1937-38.

Flue-cured tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1936, 1937, and indications for 1938

Type	Farm-sales-weight equivalent						
	Average 1932-36	1936	1937 1/	Based on prospective acreage, specified yields, marketing quota, and probable stocks 2/			
				1938 3/	1938 4/	1938 5/	1938 6/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Flue-cured, Types 11-14 :							
Production	631.6	682.8	850.2	797.2	940.1	612.9	705.0
Stocks (July 1)	785.9	871.3	883.2	976.0	976.0	976.0	976.0
Supply	1,417.5	1,554.1	1,733.4	1,773.2	1,916.1	1,588.9	1,681.0
Disappearance	628.3	670.9	757.4				
Price (cents)	19.3	22.1	23.1				

1/ Preliminary. 2/ Estimate of 1938 stocks by the Agricultural Adjustment Administration. 3/ Production based on 5-year average yield, 1932-36, of 787 pounds 4/ high 1935 yield of 928 pounds; and 5/ low 1932 yield of 605 pounds. 6/ Marketing quota.

Domestic demand

Since most of the domestic utilization of flue-cured tobacco is in the form of cigarettes, the demand for these types will be related in an important degree to the demand by consumers for cigarettes. Since the World War, a pronounced shift from other tobacco products to cigarettes has resulted in a sharp

upward trend in their consumption. Some further increase in the preference for cigarettes relative to other forms of tobacco consumption is to be expected, but the extent of the shift in the future probably will be much smaller than it has been in the past.

Over short periods, however, the demand for cigarettes is related to changes in consumer purchasing power. The current business recession in the United States undoubtedly has reduced the demand for cigarettes in a significant degree. Tax-paid withdrawals in the calendar year 1937 were 6 percent larger than in 1936. The rate of increase in withdrawals slackened, however, during the last half of the year. In December, and in January and February 1938, withdrawals were 4.8, 2.8 and 6.8 percent, respectively, below those for the corresponding months a year earlier. The outlook for business conditions and consumer incomes suggests the likelihood of a moderate decrease in cigarette consumption in 1938 as compared with 1937. The consumption of light smoking tobaccos, however, which contain significant quantities of flue-cured, probably will be maintained or slightly increased.

Foreign demand

In recent years about one-half of the flue-cured tobacco produced in the United States has been exported. Exports in the 8 months ended February 28 were nearly 19 percent larger than in the corresponding period in 1936-37. The increase was accounted for by a much larger movement to the United Kingdom. Stocks of American flue-cured tobacco in England were low at the beginning of the present season, and in spite of the increase in imports, stocks are believed to be still low relative to the very high level of consumption.

The upward trend in cigarette consumption in the United Kingdom and the continued preference for flue-cured types makes the outlook for 1938-39 exports fairly favorable. In England, however, as in the United States and other countries, the demand for cigarette tobaccos can be expected to vary to some extent with economic activity, and the upward trend in British business activity has been halted in recent months. Furthermore, there is a continuing tendency for Empire grown flue-cured tobacco to represent a larger proportion of total British consumption of flue-cured. Empire tobacco enjoys a tariff preference in the British market equivalent to approximately 51 cents a pound.

Cigarette consumption and the taste for cigarettes containing large quantities of American types of tobacco is tending to increase in most Continental European countries. In some of these countries, however, policies of economic nationalism encourage the utilization of domestic leaf and the importation of tobacco from certain foreign countries under bi-lateral trading arrangements.

Exports of flue-cured tobacco from the United States to Japan and China are expected to continue at a low level in 1938-39. The production of flue-cured tobacco in China and the Japanese Empire reached a new high in 1937. The carry-over in China on October 1, 1938, is expected to be larger

than on the corresponding date in 1937. The carry-over in Japan probably will be about the same as a year earlier, inasmuch as consumption has not changed much and smaller imports from the United States have been offset by increased imports from China. Preliminary indications make it seem likely that the acreage planted to flue-cured tobacco in China will be smaller in 1938 than in 1937. Acreage is expected to be materially larger in the Japanese Empire, however, and any decline which may take place in Chinese production probably will be more than offset by the fact that the manufacture and consumption of cigarettes apparently has been drastically curtailed by military operations. As a result of the smaller consumption of Chinese tobacco in China and the efforts of Japan to increase exports from her Empire, Japan and China together likely will export larger quantities of flue-cured tobacco to world markets in competition with United States leaf in 1938-39 than in 1937-38.

Flue-cured tobacco: Production in specified countries, 1930-31 to date 1/

Countries	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37	1937-38 2/
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
United States	565.2	659.5	373.7	733.4	556.3	811.2	682.8	850.2
China	91.5	116.5	108.0	149.0	140.0	163.0	180.0	210.0
Japan	3/17.7	21.8	23.7	40.3	44.6	51.3	43.9	62.6
Canada	12.5	24.6	27.9	27.2	22.1	35.2	24.6	54.0
Southern Rhodesia	7.2	12.7	12.9	25.2	19.5	20.7	20.3	
Chosen	4.5	6.6	7.0	5.8	7.1	7.1	7.4	10.2
Other reporting countries	3.1	6.4	5.3	7.1	6.1	8.4	6.5	6.3

1/ Harvesting year. In the Northern Hemisphere, data for 1930-31, for example, are for crops harvested in the summer and fall of 1930; in the Southern Hemisphere, they are for crops harvested in the spring of 1931. Data for India, where flue-cured production is increasing rapidly, and for Brazil, are not available.

2/ Preliminary. Earlier data for foreign countries may be revised on the basis of later information.

3/ Estimated.

Compiled from official sources, reports of United States consuls, commercial attaches, agricultural attaches, and commodity specialists in foreign countries.

BURLEY, TYPE 31

A 6 percent increase in acreage over last year's 461,000 acres is indicated as of March 1. This would mean about 439,000 acres of Burley, which would be about 3[illegible] percent above the average for the 5 years 1932-36. Assuming 5-year average yields, the Burley crop would amount to approximately 375 million pounds or 25 million more than the marketing quota of 350 million pounds on which a grower's referendum will be held on April 9. With the record high

1937 yield on the acreage indicated as of March 1, production would amount to around 427 million pounds, which would be 77 million pounds or 22 percent more than the quota. Assuming yields equal to the 1936 low, the crop would amount to 354 million pounds. While stocks on October 1, 1937, were 110 million pounds less than a year earlier, the very large 1937 production of 403 million pounds, with an estimated disappearance of about 340 million pounds, is expected to result in stocks on October 1, 1938, approximately 11 percent more than a year earlier but still below average. Estimated stocks plus the marketing quota would result in a total supply of 935 million pounds, or slightly more than in 1937.

Burley tobacco is second only to flue-cured in the domestic manufacture of cigarettes. Large quantities are used domestically in the manufacture of smoking and chewing tobacco. Only small quantities are exported. As already pointed out, recent declines in cigarette withdrawals and the prospect for the general level of commodity prices and business conditions make the outlook for cigarette consumption during the remainder of the present calendar year less favorable than in 1937. The experience of previous years, however, indicates that in periods of depression the demand for the relatively cheap tobacco products tends to be benefited due to some shift from cigarettes and cigars. This is particularly true of the light smoking mixtures which are made to a considerable extent of flue-cured and Burley. If an absence of improvement in general business conditions and consumer incomes should result in a protracted slump in the consumption of cigarettes, the demand for Burley probably will be maintained to some extent by its use in the manufacture of smoking tobacco.

Burley tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1936, 1937, and indications for 1938

Type	Farm-sales-weight equivalent						
				Based on prospective acreage specified, yields, marketing quota, and probable stocks 2/			
	Average 1932-36	1936	1937 1/	1938 3/	1938 4/	1938 5/	1938 6/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Burley, Type 31-							
Production	274.5	218.3	402.7	375.3	406.1	354.3	350.0
Stocks (Oct.1)	735.0	681.7	571.6	635.0	635.0	635.0	635.0
Supply	1,009.5	900.0	974.5	1,010.3	1,041.1	989.3	985.0
Disappearance	296.7	323.2	339.5				
Price (cents)	19.0	35.6	7/ 20.5				

1/ Preliminary. 2/ Estimate of 1938 stocks by the Agricultural Adjustment Administration. 3/ Production based on 5-year average yield of 1932-36 of 768 pounds; 4/ high 1934 yield of 831 pounds; 5/ low 1936 yield of 725 pounds. 6/ Marketing quota if approved by growers. 7/ Average price for warehouse sales in Kentucky to March 1, 1938.

MARYLAND, TYPE 32

The area of Maryland tobacco in 1937 was 36,000 acres, and an increase of 6 percent to 38,200 acres is indicated for 1938. With average yields, this area would produce a crop of 28,200,000 pounds, as compared with 25,200,000 in 1937 and 27,300,000 pounds in the 5 years ended 1936. Since estimated disappearance in the calendar year 1938 is estimated to be somewhat larger than the 1937 production, stocks on January 1, 1939 are expected to be smaller than on the corresponding date in 1938 but larger than the 5-year average. Assuming a production of 28,200,000 pounds, supplies will amount to slightly more than in the present year.

Maryland tobacco finds its principal domestic use in cigarettes. Exports of Maryland tobacco in the calendar year 1937 were somewhat smaller than in 1936, and only about one-third as large as on the average in pre-depression years. Most of the foreign consumption of Maryland tobacco is on the Continent of Europe, and there appears no reason to expect any important change in conditions affecting its consumption there.

Maryland tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1936, 1937, and indications for 1938

Type	Farm-sales-weight equivalent					
	Average 1932-36	1936	1937 1/	Based on prospective acreage, specified yields, and probable stocks: 1938 2/	1938 3/	1938 4/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Maryland, Type 32 -						
Production	27.3	30.8	25.2	28.2	31.3	22.9
Stocks 5/	36.9	38.5	41.1	39.2	39.2	39.2
Supply	64.2	69.3	66.3	67.4	70.5	62.1
Disappearance 5/	25.6	28.2	27.1			
Price (cents)	19.4	25.0				

1/ Preliminary.
2/ Production based on 5-year average, 1932-36 of 738 pounds.
3/ High yield of 820 pounds in 1936.
4/ Low yield of 600 pounds in 1933.
5/ January 1 of year following production, and disappearance beginning January 1 of year following production.

FIRE-CURED AND DARK AIR-CURED TOBACCO, TYPES 21-24, and 35-37

The 1938 marketing quota for fire-cured and dark air-cured types of tobacco is 145 million pounds. If growers carry out their prospective plantings as of March 1, acreage planted in 1938 would total 186,000 acres - a decrease of only 3 percent compared with 1937. A decline of 4 percent is indicated for fire-cured tobacco and an increase of 2 percent for dark air-cured. Of total acreage, production, and disappearance of dark types of tobacco in recent years, from 75 to 80 percent has consisted of fire-cured and 20 to 25 percent of dark air-cured. With 1932-36 average yields on prospective acreage, production of dark types would be about 149 million pounds, or around 4 million pounds more than the marketing quota.

Stocks on October 1, 1938 are expected to show a slight decline as compared with a year earlier, but no doubt would show an increase if it were not for the diversion of leaf to byproduct uses. The marketing quota of 145 million pounds plus estimated stocks gives an indicated supply of about 355 million pounds for 1938-39 or 6 percent less than the current season and 19 percent less than the 5-year average. Disappearance of these types has been on a declining basis for many years.

In spite of the expected decrease in supplies of fire-cured and dark air-cured tobaccos, the situation in 1938-39 is expected to continue relatively unfavorable.

Domestic demand

The principal domestic uses of fire-cured and dark air-cured types are in the making of snuff and manufactured tobacco. Consumption of these products as indicated by tax-paid withdrawals has been comparatively stable during the past few years, although slight declines have occurred in smoking and snuff. Withdrawals have shown no decided trend in recent months.

It seems probable that the domestic demand for products made from dark types of tobacco will show little change during the next marketing season.

Foreign demand

On the average during the last 5 or 6 years, approximately two-thirds of the total disappearance of fire-cured and 30 percent of the disappearance of dark air-cured types was represented by exports. Exports in the past 2 years, however, have been only one-half to two-thirds as large as in 1931-32, and have been still smaller relative to the level of the late 1920's.

The principal foreign market for these tobaccos is Continental Europe. Between the periods 1927-30 and 1935-37, average annual imports of all tobaccos into Germany, France, Belgium, Poland, Czechoslovakia, and Italy declined by

104 million pounds or nearly 25 percent. Between the same two periods, production of tobacco in these countries increased by 88 million pounds or 37 percent. The decline in imports from the United States was much sharper than the decrease in total imports. Takings of United States leaf decreased 47 million pounds or by nearly one-half, while imports from all other countries declined only 16 percent. Over two-thirds of the American tobacco taken by these countries has consisted of dark types, especially fire-cured. Most of the increased production in Continental Europe has consisted of dark types. In addition, barter and bi-lateral trading arrangements have directed import demand toward countries other than the United States. In addition to unfavorable developments affecting the foreign market for American dark types in the above mentioned countries, the former large exports from the United States to Spain have almost ceased as a result of military operations in that country.

Fire-cured and dark air-cured tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1936, 1937, and indications for 1938

Type	Farm-sales-weight equivalent						
	Average 1932-36	1936	1937 1/	Based on prospective acreage, specified yields, marketing quota, and probable stocks 2/			
				1938 3/	1938 4/	1938 5/	1938 6/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Fire-cured, Types 21-24 and dark air-cured, Types 35-37							
Production	153.2	124.3	158.0	149.3	163.4	139.1	145.0
Stocks (Oct.1)	283.0	270.2	218.9	210.0	210.0	210.0	210.0
Supply	436.2	394.5	376.9	359.3	373.4	349.1	355.0
Disappearance	167.5	175.6	166.9				
Price (cents)	9.0	12.5	7/ 8.9				

1/ Preliminary.
2/ Estimate of 1938 stocks by the Agricultural Adjustment Administration.
3/ Production based on 5-year average yield, 1932-36.
4/ High yield.
5/ Low yield obtained during 1932-36.
6/ Marketing quota.
7/ Average price for warehouse sales in Kentucky and Virginia to March 1, 1938.

Fire-cured tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1936, 1937, and indications for 1938

Type	Farm-sales-weight equivalent					
	Average 1932-36	1936	1937 1/	Based on prospective acreage, specified yields and probable stocks 2/		
				1938 3/	1938 4/	1938 5/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Total fire-cured, Types 21-24 -						
Production	120.5	99.7	116.8	109.9	119.6	104.4
Stocks (Oct. 1)	209.7	208.0	170.7	155.0	155.0	155.0
Supply	330.2	307.7	287.5	264.9	274.6	259.4
Disappearance	127.9	137.0	132.5			
Price (cents)	9.4	11.8	6/ 9.5			

1/ Preliminary. 2/ Estimate of 1938 stocks by the Agricultural Adjustment Administration. 3/ Production based on 5-year average yield, 1932-36, of 803 pounds; 4/ high 1934 yield of 874 pounds; and 5/ low 1933 yield of 763 pounds. 6/ Average price for warehouse sales in Kentucky and Virginia to March 1, 1938.

Dark air-cured tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1936, 1937 and indications for 1938

Type	Farm-sales-weight equivalent					
	Average 1932-36	1936	1937 1/	Based on prospective acreage, specified yields, and probable stocks 2/		
				1938 3/	1938 4/	1938 5/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
One Sucker, Type 35-						
Production	15.2	10.8	20.2	19.9	21.9	18.0
Stocks (Oct. 1)	33.3	28.8	23.8	31.0	31.0	31.0
Supply	48.5	39.6	44.0	50.9	52.9	49.0
Disappearance	17.8	15.8	13.0			
Price (cents)	8.6	16.3	6/ 7.1			
Green River, Type 36						
Production	15.2	11.2	13.1	16.8	18.7	14.7
Stocks (Oct. 1)	36.7	30.7	22.0	21.0	21.0	21.0
Supply	51.9	41.9	40.1	37.8	39.7	35.7
Disappearance	19.1	19.9	19.1			
Price (cents)	8.2	14.5	6/ 8.9			
Virginia sun-cured Type 37-						
Production	2.3	2.6	2.9	2.7	3.2	2.0
Stocks (Oct. 1)	3.3	2.7	2.4	3.0	3.0	3.0
Supply	5.6	5.3	5.3	5.7	6.2	5.0
Disappearance	2.7	2.9	2.3			
Price (cents)	10.2	15.1	6/ 9.0			
Total dark air-cured, Types 35-37 -						
Production	32.7	24.6	41.2	39.4	43.8	34.7
Stocks (Oct. 1)	73.3	62.2	48.2	55.0	55.0	55.0
Supply	106.0	86.8	89.4	94.4	98.8	89.7
Disappearance	39.6	38.6	34.4			
Price (cents)	8.5	15.4	6/ 8.0			

1/ Preliminary. 2/ Estimate of 1938 stocks by the Agricultural Adjustment Administration. 3/ Production based on 5-year average yield, 1932-36; 4/ High yield; and 5/ low yield obtained during 1932-36. 6/ Average price for warehouse sales in Kentucky and Virginia to March 1, 1938.

CIGAR TOBACCO, TYPES 41-62

Prospective plantings indicate an increase of 6 percent in acreage planted to all types of cigar tobacco this year. Cigar filler types show practically no change from 1937 while a 14-percent increase is indicated for binder and a 5 percent increase for wrapper. Disappearance of cigar tobaccos in 1937-38 is expected to be larger than the 1937 production with a resulting decrease in stocks on October 1, 1938 as compared with a year earlier. On the basis of average yields for the 5-year period 1932-36, the indicated production for 1938 is about the same as in 1937 for filler types and somewhat larger for binder and wrapper. Production based on average yields plus stocks indicates a further decline in supplies of filler and binder and some increase in wrapper.

Total tax paid withdrawals of large cigars in the 8 months ended February 1938 were 2.6 percent less than in the corresponding period a year earlier. A considerable decline in withdrawals occurred in December, January and February. In view of general economic conditions the demand outlook for cigar types is not particularly favorable, although due to the likelihood of about the same or somewhat smaller supplies in 1938-39 than in the current season, the outlook is for a situation not materially different from that of the present year.

Cigar tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1936, 1937, and indications for 1938

Type	Farm-sales-weight equivalent					
	Average 1932-36	1936	1937 1/	Based on prospective acreage, specified yields, and probable stocks 2/		
				1938 3/	1938 4/	1938 5/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Filler, Types 41-45 -						
Production	47.3	47.3	45.1	45.8	50.6	38.7
Stocks (Oct. 1) 2/	174.4	164.6	161.1	154.4	154.4	154.4
Supply	221.7	211.9	206.2	200.2	205.0	193.1
Disappearance	53.5	50.8	51.8			
Price (cents)	7.9	11.0				
Binder, Types 51-55 -						
Production	42.6	41.2	51.1	60.1	63.6	55.9
Stocks (Oct. 1) 2/	197.6	156.8	137.4	125.6	125.6	125.6
Supply	240.2	198.0	188.5	185.7	189.2	181.5
Disappearance	58.9	60.6	62.9			
Price (cents)	11.0	14.7				
Wrapper, Types 61-62 -						
Production	7.5	9.6	9.3	10.7	11.2	10.2
Stocks (Oct. 1) 2/	15.1	11.0	12.8	12.7	12.7	12.7
Supply	22.6	20.6	22.1	23.4	23.9	22.9
Disappearance	8.7	7.8	9.4			
Price (cents)	69.2	82.7				

1/ Preliminary. 2/ Estimated stocks held by dealers and manufacturers; stocks held on farms, greatly reduced since 1933, are not included. 3/ Production based on 5-year average yield 1932-36; 4/ high yield; and 5/ low yield obtained during 1932-36.

Tobacco acreages by types, average 1932-36, annual 1936, 1937 and 1938 prospective acreage as of March 1

Types	Acreage				
	Average 1932-36	1936	1937 1/	1938 Prospective acreage	1938 Increase over 1937
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Percent
Flue-cured, Types 11-14	792.2	864.5	962.5	1,013.0	+ 5.2
Va. fire-cured, Type 21	24.6	23.5	25.4	25.4	0.0
Ky. and Tenn. fire-cured, Type 22.	87.8	70.0	80.0	77.1	- 3.6
Ky. and Tenn. fire-cured, Type 23.	33.9	30.5	34.0	30.9	- 9.1
Henderson fire-cured, Type 24	4.0	2.7	3.5	3.4	- 2.9
Burley, Type 31	359.0	301.0	2/ 461.0	488.7	+ 6.0
Maryland, Type 32	37.0	37.5	36.0	38.2	+ 6.1
One Sucker, Type 35	18.7	14.8	23.5	24.6	+ 4.7
Green River, Type 36	18.8	16.0	21.0	21.0	0.0
Va. sun-cured, Type 37	3.0	3.3	3.8	3.6	- 5.3
Pa. Seedleaf, Type 41	25.0	23.0	23.5	23.5	0.0
Miami Valley, Types 42-44	17.6	14.0	16.1	16.3	+ 1.2
Ga. and Fla. sun-grown, Type 45	.6	.8	1.1	1.1	0.0
Conn. Valley Broadleaf, Type 51	7.2	7.5	9.3	9.2	- 1.1
Conn. Valley Havana Seed, Type 52.	6.1	4.9	6.7	6.8	+ 1.5
N. Y. and Pa. Havana Seed, Type 53	1.0	.8	1.1	1.4	+ 27.3
Southern Wisconsin, Type 54	9.2	7.2	11.0	14.3	+ 30.0
Northern Wisconsin, Type 55	5.9	6.0	7.3	9.1	+ 16.7
Conn. Valley shadegrown, Type 61.	5.3	6.4	7.2	7.5	+ 4.2
Ga. and Fla. shadegrown, Type 62.	2.1	2.6	2.8	3.0	+ 7.1
United States	1,459.0	1,437.0	1,737.3	1,818.1	+ 4.6

1/ Preliminary.
2/ Revised March 22, 1938.

Tax-paid withdrawals of tobacco products, July-February, and production of manufactured tobacco, July-December, in the United States 1936-37 and 1937-38 1/

Products	Tax-paid withdrawals July-Feb.			Manufactured tobacco	Production July-Dec.		
	1936-37	1937-38	Change 1937-38 from 1936-37		1936	1937	Change 1937 from 1936
	Millions	Millions	Percent		1,000 pounds	1,000 pounds	Percent
Large cigars	3,667	3,590	- 2.6	Plug	30,038	28,514	- 5.2
Small cigars	121	126	+ 4.1	Twist	3,294	3,331	+ 1.1
Small cigarettes	106,348	109,085	+ 2.6	Fine-cut	2,943	2,723	- 7.3
Large cigarettes	2	2	0.0	Scrap chewing	22,688	22,681	- 3/
Manufactured tobacco 2/	200,669	195,142	- 2.8	Smoking	96,968	93,318	- 3.8
Snuff 2/	24,671	24,472	- .8				

1/ Tax-paid withdrawals include products from the Philippine Islands and Puerto Rico. 2/ Thousand pounds. 3/ Less than 1/10 of 1 percent.

Tobacco: Exports by types from the United States, marketing year to February, average 1932-33 to 1936-37, 1936-37 and 1937-38

Type	Exports (export weight) Oct.-Feb.			
	Average 1932-33 to 1936-37	1936-37	1937-38 Quantity	Change from 1936-37
	1,000 pounds	1,000 pounds	1,000 pounds	Percent
Flue-cured 1/	280,161	252,957	300,057	+ 18.6
Burley	4,481	4,458	4,534	+ 1.7
Ky. and Tenn. fire-cured	20,045	10,735	13,914	+ 29.6
Va. fire-cured	4,935	4,017	4,036	+ .5
Md. 2/	1,034	971	710	- 26.9
One Sucker	320	237	47	- 83.6
Green River	814	753	1,210	+ 60.7
Cigar leaf	532	218	400	+ 83.5
Black fat, water baler, and dark African	3,712	4,229	3,292	- 22.2
Stems, trimmings, and scrap	10,812	13,609	6,505	- 52.2

1/ July-February.
2/ January-February.

TOBACCO: UNSTEMMED EQUIVALENT OF ALL KINDS OF LEAF USED IN MANUFACTURE OF TOBACCO PRODUCTS IN THE UNITED STATES, 1900 TO DATE

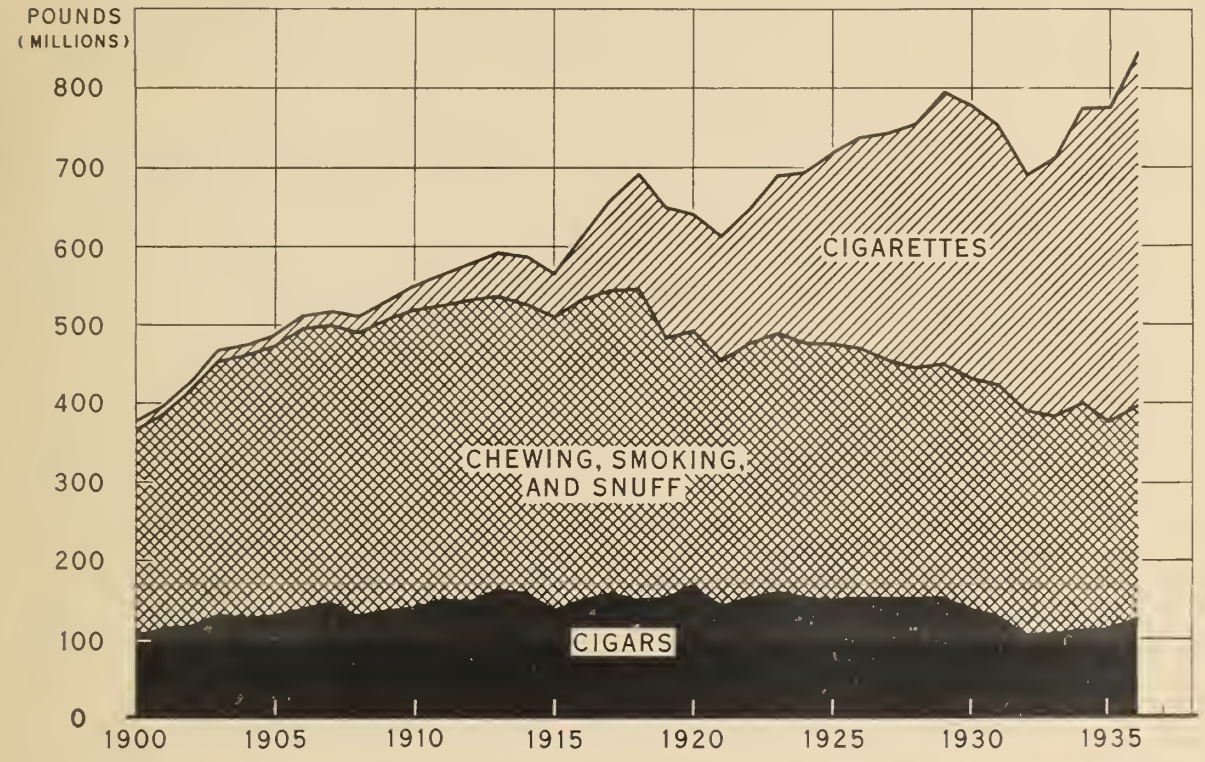

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FIGURE 1.- CIGARETTE MANUFACTURE IN THE LAST TWO DECADES HAS BEEN THE LARGEST FACTOR IN THE EXPANSION OF THE TOBACCO INDUSTRY. LEAF USED IN CIGAR MANUFACTURE HAS REMAINED FAIRLY STABLE, WHILE LEAF USED IN THE MANUFACTURE OF OTHER TOBACCO PRODUCTS HAS DECLINED SINCE THE WORLD WAR.

TOBACCO: UNSTEMMED EQUIVALENT OF ALL KINDS OF LEAF USED IN MANUFACTURE OF TOBACCO PRODUCTS IN THE UNITED STATES, 1900 TO DATE

Calendar year	Cigarettes	Tobacco and snuff	Cigars	Total
	Million pounds	Million pounds	Million pounds	Million pounds
1900	13.1	262.4	105.4	380.9
1901	11.1	270.7	116.4	398.2
1902	11.8	299.2	117.4	428.4
1903	12.5	325.5	130.1	468.1
1904	13.3	334.7	127.7	475.7
1905	13.4	343.0	130.6	487.0
1906	16.1	356.3	140.3	512.7
1907	18.6	351.0	147.5	517.1
1908	20.7	359.3	130.4	510.4
1909	23.7	369.6	136.7	530.0
1910	31.3	378.4	141.1	550.8
1911	38.6	376.2	149.9	564.7
1912	47.1	382.0	149.7	578.8
1913	56.5	373.7	163.0	593.2
1914	62.2	368.3	158.7	589.2
1915	56.5	370.8	138.1	565.4
1916	78.5	384.9	148.9	612.3
1917	113.3	388.6	157.7	659.6
1918	146.1	396.1	149.8	692.0
1919	166.8	330.1	151.5	648.4
1920	146.9	324.5	168.6	640.0
1921	158.3	310.7	143.2	612.2
1922	169.6	325.5	151.7	646.8
1923	200.4	328.9	159.7	689.0
1924	217.7	322.8	153.4	693.9
1925	244.3	325.1	149.0	718.4
1926	267.6	317.4	152.4	737.4
1927	290.5	301.3	152.5	744.3
1928	310.1	293.2	151.3	754.6
1929	346.5	298.0	152.1	796.6
1930	347.9	294.0	137.9	779.8
1931	330.0	294.8	127.6	752.4
1932	299.0	286.8	104.3	690.1
1933	326.1	279.9	104.7	710.7
1934	375.4	289.0	111.1	775.5
1935	399.5	262.7	113.7	775.9
1936	453.3	267.5	126.6	847.4
1937				
1938				
1939				

Compiled from annual reports of the Commissioner of Internal Revenue.

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Cigar Tobacco: Supply and Price in the United States, 1920 to Date

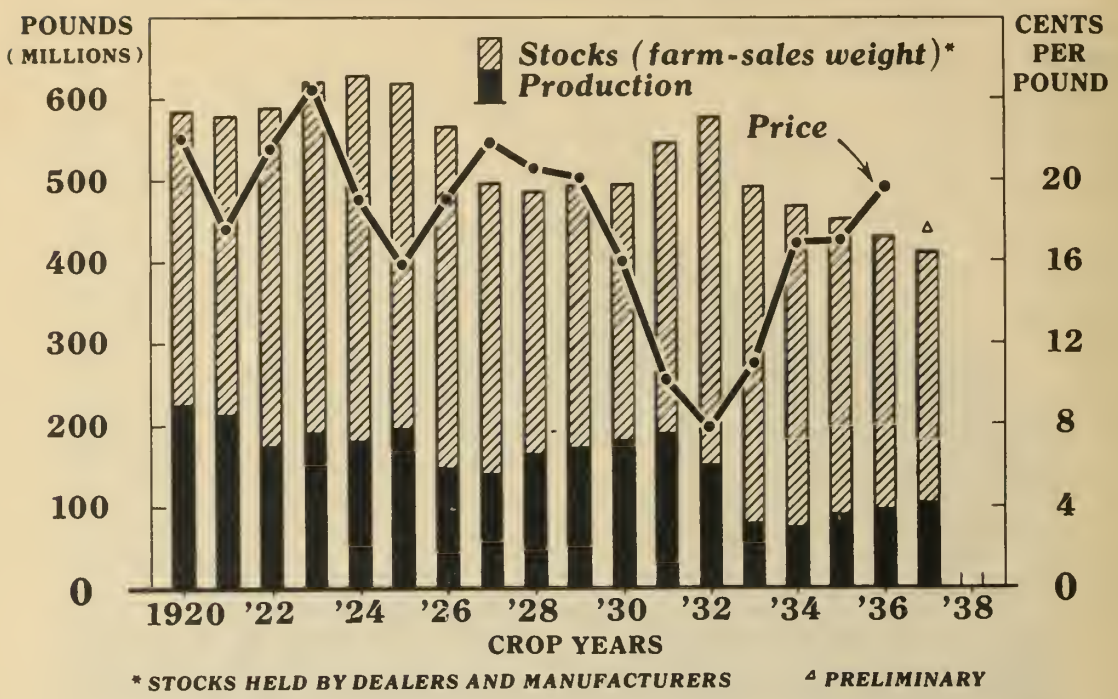

FIGURE 2.- PRODUCTION OF CIGAR TOBACCO WAS UNDULY LARGE FROM 1930 TO 1933 WHEN CIGAR CONSUMPTION WAS DECLINING SHARPLY. REDUCED PRODUCTION OF CIGAR TOBACCO, COUPLED WITH INCREASING CIGAR CONSUMPTION, SINCE 1933 HAS ESTABLISHED A BETTER BALANCE IN THE SUPPLY SITUATION AND IMPROVED PRICES HAVE RESULTED. FARM STOCKS, NOT SHOWN IN THIS CHART, HAVE DECLINED MATERIALLY SINCE 1933.

CIGAR TOBACCO: PRODUCTION, STOCKS, SUPPLY, AND PRICE
IN THE UNITED STATES, 1920 TO DATE

Year	Production	Stocks Oct. 1, farm-sales weight 1/	Supply	Price
	Million pounds	Million pounds	Million pounds	Cents
1920	223.6	361.3	584.9	22.2
1921	212.9	367.9	580.8	17.6
1922	172.6	415.9	588.5	21.5
1923	192.2	428.9	621.1	24.6
1924	180.1	449.7	629.8	19.2
1925	194.4	424.7	619.1	15.8
1926	146.5	420.8	567.3	19.1
1927	139.0	356.3	495.3	21.8
1928	162.9	321.8	484.7	20.7
1929	170.9	321.6	492.5	20.1
1930	181.0	313.8	494.8	15.9
1931	187.9	357.3	545.2	10.2
1932	150.1	427.2	577.3	7.8
1933	78.4	413.4	491.8	11.0
1934	73.2	393.3	466.5	16.8
1935	87.9	362.8	450.7	17.0
1936	98.0	332.3	430.3	19.6
1937 2/	105.5	308.8	414.3	---
1938				

1/ Stocks held by dealers and manufacturers. Complete data on farm stocks which are significant in some years and for some cigar types are not available. For types 45, 61, and 62 stocks are as of July 1. 2/ December 1 estimate of production.
Stocks prior to 1929 compiled from reports of the Bureau of the Census.